AUDIT PROCESS FOR CHARITIES

EDUCATION FIRST

THE CRA TAKES AN EDUCATION-FIRST APPROACH TO HELP REGISTERED CHARITIES FOLLOW THE RULES. THESE TOOLS HELP CHARITIES COMPLY:

- website
- outreach program
- client service
- reminder letters
- audit program
- Charity Education Program

SELECTION

HOW IS A CHARITY SELECTED FOR AUDIT?

A CHARITY CAN BE SELECTED FOR AUDIT FOR VARIOUS REASONS INCLUDING THE FOLLOWING:

- random selection
- complaints from public
- media articles or
- other public sources
- information from T3010 annual return
- past non-compliance

AUDIT

HOW DOES THE CRA AUDIT A CHARITY?

The CRA reviews the finances and programs of charities to make sure they follow the rules and operate for charitable purposes. The type of audit depends on the charity's size and complexity.

The CRA works closely with charities and accepts additional information throughout the process.

OFFICE AUDIT

Conducted at CRA offices

EXAMINES:

- the charity's file
- publicly available information
- some books and records

FIELD AUDIT

Conducted at the charity's place of business

EXAMINES:

- the charity's file
- publicly available information
- all books and records

RESULT

WHAT HAPPENS AFTER AN AUDIT?

MORE THAN 90% OF AUDITED CHARITIES ARE ABLE TO CONTINUE THEIR CHARITABLE WORK.

If a charity disagrees with the CRA's findings, it can respond. The CRA reviews the response and determines the appropriate action.

NO CONCERNS
- no action

MINOR CONCERNS
- education letter

MODERATE CONCERNS
- compliance agreement

SERIOUS CONCERNS
- sanctions
- registration revoked
- registration annulled

RECOURSE

WHAT CAN A CHARITY DO IF THE CRA PROPOSES SANCTIONS OR REVOCATION?

- The charity has 90 days to file an objectionwith the CRA's Appeals Branch.
- If the charity disagrees with the result of the objection, it can appeal to the Federal Court of Appeal or the Tax Court of Canada.